Questions and Answers
For PON-10-604
Buy Down Incentives for Natural Gas and Propane Vehicles

May 16, 2011

Eligible Applicants

1. QUESTION: Are fleet management companies eligible to reserve buy-down incentives assuming they have a letter from the OEM?

   ANSWER: Fleet management companies are considered a dealer/distributor for purposes of this PON and may reserve buy-down incentives if the following conditions are met that apply to all OEM-designated dealers and distributors:

   - The fleet management company must have an office in California and must be able to indicate on the Payee Data Record form that they are a resident of California.
   - The fleet management company must provide a letter from an OEM authorizing the fleet management company to reserve buy-down incentives on their behalf. The letter must specify the number of incentives and the dollar amount the fleet management company may reserve and the incentives specified in the letter must be part of the OEM's reservation cap for a given fuel and vehicle weight, as specified on pages 5-6 of the PON.
   - The actual sale must be made at a California dealership or distributorship and the vehicle must be registered and operated for at least three years in California.

Eligible Vehicles

2. QUESTION: Are vehicles that are retrofitted with after-market CNG and propane conversion kits eligible for this program?

   ANSWER: No. However, this question has generated a certain level of confusion so the following example is offered as clarification. The PON states that incentives are available only for **new** on-road natural gas and propane vehicles that meet all emission requirements of the Air Resources Board (ARB) and that are fully warranted by the original equipment manufacturer. The key word is "new." For purposes of this PON, a "new" vehicle is one that has never been sold and is being offered for sale through an OEM-designated dealer/distributor as a natural gas or propane fueled vehicle. A vehicle that is purchased from a dealer/distributor as a gasoline- or diesel-fueled vehicle and then retrofitted by the owner with an after-market natural gas or propane conversion kit is not considered a "new" vehicle under this PON and therefore not eligible for buy-down incentives.

   On the other hand, vehicles that are upfitted for natural gas or Propane and sold as a new vehicle through an OEM, or an OEM-designated dealer/distributor, are eligible for buy-down incentives. In this case, the upfitter is not eligible to apply for buy-down incentives; only the OEM or OEM-designated dealers or distributors can reserve incentives.

Funding Information and Payment of Incentives

3. QUESTION: How does the OEM receive the funds and in what timeframe?

   ANSWER: To receive payment, assuming the OEM has an active reservation, the OEM must complete a Buy-Down Incentive Payment Claim Form for each eligible vehicle sold and submit with it the necessary documentation to the Energy Commission. The Energy Commission staff will review it for completeness after which the State Controller's Office will be instructed to forward a check for the amount requested to the payee shown on the Payee Data Record form. This process could take four to six weeks.

4. QUESTION: How should OEMs handle a customer order that might exceed their reserved $1.3M?

   ANSWER: OEMs, as well as OEM-designated dealers and distributors, may not exceed the approved reserved amount. Any Buy-Down Incentive Payment Claim Form that is submitted for vehicle sales that exceed the reserve amount will not be approved for payment. The Energy Commission cannot advise as to how such circumstances are "handled."

5. QUESTION: May OEMs reserve the next $1.3M when the sales documents (i.e. Claim Forms) have been provided to the Energy Commission or when the completed registration information is provided?

   ANSWER: OEMs, as well as OEM-designated dealers and distributors, may request to reserve additional buy-down incentives when Buy-Down Incentive Payment Claim Forms for each currently reserved incentive have been submitted to and approved for payment by the Energy Commission.

6. QUESTION: Is the 180 day timeline between the time a Claim Form is submitted and the time the registration information must be provided to the CEC negotiable (Attachment E, pg 5-6)?

   ANSWER: No.

7. QUESTION: What triggers the start of the 180 day period?

   ANSWER: The 180-day period begins at the date of submission of the Buy-Down Incentive Payment Claim Form.

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8. QUESTION: In some cases, the OEM or OEM-designated dealer/distributor may be selling a chassis only to an end user, who may be arranging purchase and mounting of their own body. In a situation like this, the OEM or OEM-designated dealer/distributor does not control the timing of the actual registration of the vehicle, quite possibly resulting in a final registration cycle in excess of 180 days.

   ANSWER: In this case, the entity that is purchasing the chassis and arranging for the production and sale of the completed vehicle is, for purposes of this PON, the OEM and the entity eligible to reserve a buy-down incentive. An OEM or OEM-designated dealer/distributor may not reserve a buy-down incentive or submit claim for payment for the sale of a chassis only.

9. QUESTION: Where do OEMs or OEM-designated dealers and distributors obtain the Payment Claim Number and PCA Number as requested on Buy-Down Incentive Payment Claim Form?

   ANSWER: The Payment Claim Number is generated by the OEM or OEM-designated dealer/distributor when submitting the Buy-Down Incentive Payment Claim Form. It simply is the chronological sequence of payment claims. For example, when submitting the first Buy-Down Incentive Payment Claim Form, insert the number “1” in the Payment Claim Number cell. If four payment claims have already submitted, then insert the number “5” in the Payment Claim Number cell when submitting the next Buy-Down Incentive Payment Claim Form.

   The PCA number is generated by the Energy Commission and is used for internal accounting purposes. The OEM and OEM-designated dealers and distributors are not responsible for generating that number.

10. QUESTION: What documentation or evidence is required to show that the vehicle will be registered in California?

    ANSWER: The evidence will be the California vehicle registration document that must be completed at the time of sale and submitted with the Buy-Down Incentive Payment Claim Form. In some cases, as discussed in the PON, the vehicle registration document will be completed and submitted to the Energy Commission when the vehicle is delivered. See section 13 of the Terms and Conditions.

11. QUESTION: Is the Purchaser signature on the Buy-Down Incentive Payment Claim Form attesting to the fact the vehicles will be registered in California sufficient?

    ANSWER: No. The Purchaser must also attest to their understanding of this and other requirements of the PON. For vehicles under 14,000 lbs GVW, this information must be accompanied by the documentation required in section 10 of the PON (copy of sales documents, DMV registration, etc.). For vehicles in excess of 14,000 lbs GVW where there is a delay between purchase and delivery, the signature is sufficient for payment, but the Applicant is still under a contractual obligation to submit the DMV registration and other required documentation within 180 days of submitting the Buy-Down Incentive Payment Claim Form or the Applicant will have to reimburse the Commission for the payment.

12. QUESTION: Given the lead time needed to manufacture and deliver Class 8 trucks, how can OEMs and OEM-designated dealers and distributors be certain that they can satisfy all the reservations within the 120-day period and ensure their customers get the full value of the buy-down incentives?

    ANSWER: In completing the Buy-Down Incentive Reservation Form, it is the responsibility of the OEM or OEM-designated dealer/distributor to determine the number of incentive reservations that they can reasonably expect to sell within 120 days. However, for eligible vehicles in excess of 14,000 lbs GVW, the Energy Commission is aware that there may be a lengthy waiting period between the point of purchase and delivery of the vehicle to the purchaser. In this case, the Energy Commission may authorize payment of the incentive at the time of purchase on the basis of a purchase order and allow up to 180 days from the date of submission of the Buy-Down Incentive Payment Claim Form to deliver the vehicle and submit the required documentation. See section 13 of the Terms and Conditions for further details.

Application Process

13. QUESTION: What is the definition of Payee: OEM or Purchaser?

    ANSWER: The payee indicated on the Payee Record Data form is the entity reserving the buy-down incentives. This can be either an OEM or an OEM-designated dealer/distributor. It is not the purchaser.

14. QUESTION: What triggers the start of the 120 day timeline?

    ANSWER: Each Buy-Down Incentive Reservation submitted by an OEM or OEM-designated dealer/distributor must be approved by the Energy Commission at a publicly noticed business meeting. The reservation will expire 120 days from the date of approval by the Energy Commission at the Business Meeting or when all incentives are claimed and approved for payment, whichever occurs first.

15. QUESTION: Please clarify how “Agreement” is defined in the Terms and Conditions. Is there one Agreement with the Energy Commission and the OEM or

OEM-designated dealer/distributor for the course of this program or does each new Buy-Down Incentive Reservation Form constitute a new Agreement?

ANSWER: An Agreement is comprised of the Buy-Down Incentive Reservation Form, the Payee Data Record Form, the Buy-Down Incentive Payment Form, the incentive payment, the Terms and Conditions, all physical attachments, and all documents incorporated expressly by reference. Each reservation represents a separate Agreement.

16. QUESTION: If each Reservation Form constitutes a new Agreement, can an OEM or OEM-designated dealer/distributor have concurrent Agreements as long as the total does not exceed $1.3M?

    ANSWER: Please see Addendum 4 for clarification. An OEM, or its designated dealer/distributor, should submit a separate Buy-Down Incentive Reservation Form for each maximum funding category (see Section 8 Funding Information and Addendum 4). In addition, an OEM-designated dealer/distributor should submit a separate Buy-Down Incentive Reservation Form for each OEM that designates it to apply on its behalf. Thus, for example, a dealer/distributor may submit one Buy-Down Incentive Reservation Form on behalf of OEM #1 requesting $575,000 in vehicle incentives for natural gas vehicles up to 26,000 lbs GVW, a second, separate, Buy-down Incentive Reservation Form on behalf of OEM #1 requesting $500,000 for propane school buses, and a third Buy-down Incentive Reservation Form on behalf of OEM #2 requesting $575,000 in vehicle incentives for natural gas vehicles up to 26,000 lbs GVW. However, an OEM may not have more than one active reservation for vehicle incentives in the same maximum funding category, and a designated dealer/distributor may not have more than one active reservation on behalf of the same OEM for vehicle incentives in the same funding category.

17. QUESTION: What is the effective date of the Agreement?

    ANSWER: The effective date of the Agreement is the date the Energy Commission approves the buy-down incentive reservation at a Business Meeting.

18. QUESTION: In the event that the Energy Commission modifies or cancels the PON, will existing customer commitments or Buy-Down Incentive Claim Forms be honored?

    ANSWER: Each existing Agreement will be honored for its full term.

19. QUESTION: What information will be protected and what information will become public domain?

ANSWER: Since each reservation must be approved by the Energy Commission, the names of the OEMs and OEM-designated dealers and distributors will appear on the agenda for each respective business meeting along with the number of incentives and dollar amount. This information also will be published on the Energy Commission's website in order to notify potential vehicle purchaser of the availability of buy-down incentives. Each OEM and OEM-designated dealer/distributor may request confidential designation for some of the information provided to the Energy Commission through the procedures specified in the California Code of Regulations, title 20, section 2505. All information submitted to the Energy Commission, unless designated as confidential pursuant to this process, is subject to the Public Records Act.

20. QUESTION: Would the state consider adding Federal Courts in California as an "allowable" forum within Section 16 of the Terms and Conditions?

    ANSWER: No. The Energy Commission has not and does not intend to consent to federal jurisdiction of matters arising under this PON or the Agreements issued under it.